



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

SB3386

Introduced 2/13/2020, by Sen. Cristina Castro

SYNOPSIS AS INTRODUCED:

New Act

65 ILCS 5/8-3-13	from Ch. 24, par. 8-3-13
65 ILCS 5/8-3-14	from Ch. 24, par. 8-3-14
65 ILCS 5/8-3-14a	
55 ILCS 5/5-1030	from Ch. 34, par. 5-1030

Creates the Short-Term Rental Operators' Occupation Tax Act. Imposes a tax upon persons engaged in the business of short-term rental at the rate of 5% of 94% of the gross rental receipts from such renting, leasing or letting. Imposes an additional tax at the rate of 1% of 94% of the gross rental receipts from such renting, leasing or letting. Provides that operators of short-term rentals shall obtain a business license from the Department of Revenue. Effective October 1, 2020.

LRB101 19771 HLH 69281 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the
5 Short-Term Rental Operators' Occupation Tax Act.

6 Section 5. Definitions. As used in this Act:

7 "Booking transaction" means a transaction in which a
8 hosting platform collects or receives compensation for
9 facilitating a rental of a short-term rental located in this
10 State by directly or indirectly allowing a reservation to be
11 made for an occupant or collecting or processing payments
12 through the hosting platform's online application, software,
13 website, or system.

14 "Department" means the Department of Revenue.

15 "Hosting platform" means a person who provides an online
16 application, software, website, or system through which a
17 short-term rental located in this State is advertised or held
18 out to the public as available to rent for occupancy.

19 "Operator" means any person operating a short-term rental.

20 "Occupancy" means the use or possession, or the right to
21 the use or possession, of any room or rooms in a short-term
22 rental for any purpose, or the right to the use or possession
23 of the furnishings or to the services and accommodations

1 accompanying the use and possession of the room or rooms, by an
2 occupant.

3 "Permanent resident" means any person who occupied or has
4 the right to occupy any room or rooms, regardless of whether or
5 not it is the same room or rooms, in a short-term rental for at
6 least 30 consecutive days.

7 "Person" means any natural individual, firm, partnership,
8 association, joint stock company, joint adventure, public or
9 private corporation, limited liability company, or a receiver,
10 executor, trustee, guardian or other representative appointed
11 by order of any court.

12 "Rent" or "rental" means the consideration received for an
13 occupant's occupancy, valued in money, whether received in
14 money or otherwise, including all receipts, cash, credits and
15 property or services of any kind or nature.

16 "Room" or "rooms" means any living quarters, sleeping or
17 housekeeping accommodations.

18 "Short-term rental" means an owner-occupied,
19 tenant-occupied, or non-owner-occupied dwelling including, but
20 not limited to, an apartment, house, cottage, condominium, or
21 furnished accommodation that is not a hotel as defined in the
22 Hotel Operators' Occupation Tax Act, where: (i) at least one
23 room in the dwelling is rented to an occupant for a period of
24 less than 30 consecutive days; and (ii) all accommodations are
25 reserved in advance; provided, however, that a dwelling shall
26 be considered a single room if rented as such. This definition

1 does not include:

2 (1) any dormitory or other living or sleeping facility
3 maintained by a public or private school, college, or
4 university for the use of students, faculty, or visitors.

5 (2) any facility certified or licensed and regulated by
6 the Department of Human Services or Department of Public
7 Health;

8 (3) any room in a condominium, cooperative, or
9 timeshare plan and any individually or collectively owned
10 single-family or multi-family dwelling house or room in
11 such dwelling that is rented for a period of at least 30
12 consecutive days and that is not advertised or held out to
13 the public as a place regularly rented for periods of less
14 than 30 consecutive days;

15 (4) any migrant labor camp or residential migrant
16 housing permitted by the Department of Public Health;

17 (5) any nonprofit organization that operates a
18 facility providing housing only to patients, patients'
19 families, and patients' caregivers and not to the general
20 public; or

21 (6) any apartment building inspected by the United
22 States Department of Housing and Urban Development or other
23 entity acting on behalf of the United States Department of
24 Housing and Urban Development that is designated primarily
25 as housing for persons at least 62 years of age. The
26 Department may require the operator of the apartment

1 building to attest in writing that such building meets the
2 criteria provided in this subparagraph. The Department may
3 adopt rules to implement this requirement.

4 Section 10. Rate; exemptions.

5 (a) A tax is imposed upon persons engaged in the business
6 of short-term rental at the rate of 5% of 94% of the gross
7 rental receipts from such renting, leasing, or letting.

8 (b) There shall be imposed an additional tax upon persons
9 engaged in the business of short-term rental at the rate of 1%
10 of 94% of the gross rental receipts from such renting, leasing,
11 or letting.

12 (c) No funds received pursuant to this Act shall be used to
13 advertise for or otherwise promote new competition in the hotel
14 business.

15 (d) The tax is not imposed upon the privilege of engaging
16 in any business in Interstate Commerce or otherwise, which
17 business may not, under the Constitution and statutes of the
18 United States, be made the subject of taxation by this State.
19 In addition, the tax is not imposed upon gross rental receipts
20 for which the short-term rental operator is prohibited from
21 obtaining reimbursement for the tax from the customer by reason
22 of a federal treaty.

23 (e) The tax imposed by this Act shall not apply to gross
24 rental receipts received by an entity that is organized and
25 operated exclusively for religious purposes and possesses an

1 active Exemption Identification Number issued by the
2 Department pursuant to the Retailers' Occupation Tax Act when
3 acting as a short-term rental operator renting, leasing, or
4 letting rooms as follows:

5 (1) in furtherance of the purposes for which it is
6 organized; or

7 (2) to entities that (i) are organized and operated
8 exclusively for religious purposes, (ii) possess an active
9 Exemption Identification Number issued by the Department
10 pursuant to the Retailers' Occupation Tax Act, and (iii)
11 rent the rooms in furtherance of the purposes for which
12 they are organized.

13 No gross rental receipts are exempt under paragraph (2) of
14 this subsection (e) unless the short-term rental operator
15 obtains the active Exemption Identification Number from the
16 exclusively religious entity to whom it is renting and
17 maintains that number in its books and records. Gross rental
18 receipts from all rentals other than those described in items
19 (1) or (2) of this subsection (e) are subject to the tax
20 imposed by this Act unless otherwise exempt under this Act.

21 (f) Persons subject to the tax imposed by this Act may
22 reimburse themselves for their tax liability under this Act by
23 separately stating such tax as an additional charge, which
24 charge may be stated in combination, in a single amount, with
25 any tax imposed by any unit of local government.

26 (g) If any short-term rental operator or a hosting platform

1 acting as an agent collects an amount (however designated)
2 which purports to reimburse such operator for short-term rental
3 operators' occupation tax liability measured by receipts which
4 are not subject to short-term rental operators' occupation tax,
5 or if any short-term rental operator or a hosting platform
6 acting as an agent, in collecting an amount (however
7 designated) which purports to reimburse such operator for
8 short-term rental operators' occupation tax liability measured
9 by receipts which are subject to tax under this Act, collects
10 more from the customer than the operators' short-term rental
11 operators' occupation tax liability in the transaction is, the
12 customer shall have a legal right to claim a refund of such
13 amount from such operator. However, if such amount is not
14 refunded to the customer for any reason, the short-term rental
15 operator or hosting platform is liable to pay such amount to
16 the Department.

17 (h) The tax imposed under this Act shall be in addition to
18 all other occupation or privilege taxes imposed by the State of
19 Illinois or by any municipal corporation or political
20 subdivision thereof.

21 Section 15. Hosting platform collection and remittance of
22 taxes.

23 (a) Any hosting platform that facilitates a booking
24 transaction shall be required to act as the relevant short-term
25 rental operator's agent and: (i) assess, collect, report, and

1 remit the tax to the appropriate taxing body; (ii) maintain
2 records of any taxes collected that have been remitted to the
3 appropriate taxing body and submit these records to the
4 Department in accordance with this Act; and (iii) notify the
5 short-term rental operator that the operator must comply with
6 all applicable local, State, and federal laws, regulations, and
7 ordinances, including this Act.

8 (b) A hosting platform that facilitates a booking
9 transaction shall provide notification within a reasonable
10 time to the relevant short-term rental operator that the tax
11 has been collected and remitted to the appropriate taxing body.
12 The notification must be delivered in hand, by mail, or
13 conveyed electronically by electronic message, mobile or smart
14 phone application, or another similar electronic process,
15 digital media, or communication portal. A short-term rental
16 operator shall not be responsible for collecting and remitting
17 taxes for which the operator has received notification from a
18 hosting platform that the excise has been collected and
19 remitted to the taxing body on their behalf.

20 (c) A hosting platform acting as an agent of a short-term
21 rental operator in accordance with subsection (a) shall provide
22 notification to the Department in a manner prescribed by the
23 Department.

24 Section 20. Hosting Platforms.

25 (a) It is unlawful for any hosting platform to facilitate a

1 booking transaction for a short-term rental located in this
2 State unless the hosting platform:

3 (1) is first registered with the Department in
4 accordance with subsection (d); and

5 (2) as a condition of registration with the Department,
6 has obtained written consent from all operators with
7 short-term rentals located in this State who intend to
8 short-term rent such dwelling or room within such dwelling
9 through the platform, for the disclosure of the information
10 required under, and the furnishing of such information in
11 accordance with, Section 25 of this Act.

12 (b) It is unlawful for any hosting platform to facilitate a
13 booking transaction for a short-term rental located in this
14 State if the dwelling or room within the dwelling is not
15 lawfully registered, licensed, permitted, or otherwise allowed
16 as a short-term rental pursuant to an applicable local, State,
17 or federal law, regulation, or ordinance, including this Act,
18 at the time it is rented.

19 (c) A hosting platform shall designate and maintain on file
20 with the Department an agent for service of process in this
21 state. If the registered agent is unable, with reasonable
22 diligence, to be located, or if the hosting platform fails to
23 reasonably designate or maintain a registered agent in this
24 State, the Director may deem himself or herself or another
25 appropriate person an agent of the hosting platform for
26 purposes of accepting service of any process, notice, or

1 demand.

2 (d) The Department may issue a certificate of registration
3 to each hosting platform that meets the requirements of this
4 Act and the rules for hosting platform registration adopted
5 thereunder by the Department.

6 Section 25. Records and reporting.

7 (a) Notwithstanding any other provision of law or
8 Department action to the contrary:

9 (1) Every operator shall keep separate books or records
10 of the operator's business so as to show the rents and
11 occupancies taxable under this Act separately from the
12 operator's transactions not taxable under this Act. If any
13 operator fails to keep such separate books or records, the
14 operator shall be liable to remit the tax at the rate
15 designated in this Act upon the entire proceeds from the
16 short-term rental. The Department may adopt rules that
17 establish requirements, including record forms and
18 formats, for records required to be kept and maintained by
19 taxpayers. For purposes of this Section, "records" means
20 all data maintained by the taxpayer, including data on
21 paper, microfilm, microfiche or any type of
22 machine-sensible data compilation.

23 (2) In accordance with rules adopted by the Department
24 and subject to applicable laws, for all booking
25 transactions it facilitates for short-term rentals located

1 in this State a hosting platform shall develop and maintain
2 a report that must include all of the following information
3 about each short-term rental booking transaction:

4 (A) the name of the operator;

5 (B) the operator's or short-term rental's license,
6 registration, permit, or other number as applicable;

7 (C) the physical address;

8 (D) any room or dwelling designation;

9 (E) the individual periods of rental by calendar
10 date;

11 (F) the itemized amounts collected or processed by
12 the hosting platform for the rental, taxes, and all
13 other charges; and

14 (G) any additional information that the Department
15 may require by rule.

16 (b) The hosting platform shall submit the report to the
17 Department monthly in the format requested by the Department
18 and shall make the report available for audit by the Department
19 upon request, as well as any underlying records requested by
20 the Department. The Department may issue and serve subpoenas
21 and compel the production of the report and underlying records
22 as necessary to enforce hosting platform compliance with this
23 Section. Such underlying records may not include copies of
24 specific message exchanges between the hosting platform and an
25 operator, short-term rental renter, or occupant, or between the
26 operator and short-term rental renter or occupant.

1 (c) The hosting platform shall maintain the report and
2 underlying records for at least 3 years, in accordance with any
3 rules adopted by the Department.

4 (d) The Department shall share the report, sections of the
5 report, underlying records, or any combination of those items,
6 with an agency or local government of this State to ensure
7 compliance with this Act, the laws of this State, and any local
8 laws, regulations or ordinances.

9 (e) The Department may use the report and underlying
10 records for tax auditing purposes and local governments may use
11 the reports and underlying records to ensure compliance with
12 laws, ordinances, or regulations.

13 (f) A hosting platform may not facilitate a booking
14 transaction for a rental of a short-term rental located in this
15 State unless the operator consents to the hosting platform's
16 disclosure of the information required by this Section.

17 (g) A hosting platform that has operated or is operating in
18 violation of this Section, or the rules of the Department,
19 shall be subject to fines up to \$1,000 per offense and to
20 suspension, revocation, or refusal of a registration issued
21 pursuant to this Act. For purposes of this subsection, the
22 Department may regard as a separate offense each transaction a
23 hosting platform processes in violation of this Act or the
24 rules of the Department.

25 Section 30. State business licensing.

1 (a) Before an operator engages in the business of a
2 short-term rental in this State, the operator shall obtain a
3 business license from the Department. In order to obtain a
4 business license from the Department, the operator must first
5 provide evidence to the Department that the short-term rental
6 is lawfully registered, licensed, permitted, or otherwise
7 allowed to operate as a short-term rental pursuant to the
8 applicable local law, regulation, or ordinance.

9 (b) An operator's business license number issued by the
10 Department must be displayed on any advertisement or listing of
11 a short-term rental and be physically displayed within the
12 short-term rental.

13 (c) If the Department notifies a hosting platform in
14 writing that an advertisement or listing for a short-term
15 rental in this state fails to display a valid business license
16 number issued by the Department, the hosting platform must
17 remove all advertisements or listings for that short-term
18 rental from its online application, software, website, or
19 system within 3 business days unless the listing is otherwise
20 brought into compliance with the law.

21 (d) The Department shall revoke or refuse to issue or renew
22 a short-term rental operator's business license when: (i) the
23 Department determines that the operation of the subject
24 short-term rental violates the terms of an applicable lease or
25 property restriction; or (ii) the Department determines that
26 the operation of the short-term rental violates a State,

1 federal, or local law, ordinance, or regulation, or the
2 short-term rental operator is the subject of a final order or
3 judgment lawfully directing the termination of the premises'
4 use as a short-term rental.

5 Section 35. Filing of returns and distribution of proceeds.

6 Except as provided in this Section, on or before the last
7 day of each calendar month, every operator or agent in this
8 State shall file a return for the preceding calendar month with
9 the Department, stating:

10 (1) the name of the operator;

11 (2) the operator's residence address and the address of
12 his principal place of business and the address of the
13 principal place of business (if that is a different
14 address) from which he engages in the business of renting,
15 leasing or letting rooms in a short-term rental in this
16 State;

17 (3) the total amount of rental receipts received by the
18 operator during the preceding calendar month from renting,
19 leasing or letting rooms during such preceding calendar
20 month;

21 (4) the total amount of rental receipts received by the
22 operator during the preceding calendar month from renting,
23 leasing or letting rooms to permanent residents during such
24 preceding calendar month;

25 (5) the total amount of other exclusions from gross

1 rental receipts allowed by this Act;

2 (6) gross rental receipts which were received by the
3 operator during the preceding calendar month and upon the
4 basis of which the tax is imposed;

5 (7) the amount of tax due; and

6 (8) such other reasonable information as the
7 Department may require.

8 If the operator's average monthly tax liability to the
9 Department does not exceed \$200, the Department may authorize
10 the operator's returns to be filed on a quarter annual basis,
11 with the return for January, February, and March of a given
12 year being due by April 30 of such year; with the return for
13 April, May, and June of a given year being due by July 31 of
14 such year; with the return for July, August, and September of a
15 given year being due by October 31 of such year, and with the
16 return for October, November, and December of a given year
17 being due by January 31 of the following year.

18 If the operator's average monthly tax liability to the
19 Department does not exceed \$50, the Department may authorize
20 the operator's returns to be filed on an annual basis, with the
21 return for a given year being due by January 31 of the
22 following year.

23 Such quarter annual and annual returns, as to form and
24 substance, shall be subject to the same requirements as monthly
25 returns.

26 Notwithstanding any other provision in this Act concerning

1 the time within which an operator may file his return, in the
2 case of any operator who ceases to engage in a kind of business
3 which makes the operator responsible for filing returns under
4 this Act, such operator shall file a final return under this
5 Act with the Department not more than 1 month after
6 discontinuing such business.

7 Where the same person has more than one business registered
8 with the Department under separate registrations under this
9 Act, such person shall not file each return that is due as a
10 single return covering all such registered businesses, but
11 shall file separate returns for each such registered business.

12 In the operator's return, the operator shall determine the
13 value of any consideration other than money received by him in
14 connection with the renting, leasing, or letting of rooms in
15 the course of his business, and the operator shall include such
16 value in his return. Such determination shall be subject to
17 review and revision by the Department in the manner provided in
18 this Act for the correction of returns.

19 Where the operator is a corporation, the return filed on
20 behalf of such corporation shall be signed by the president,
21 vice-president, secretary or treasurer or by the properly
22 accredited agent of such corporation.

23 The person filing the return shall, at the time of filing
24 such return, pay to the Department the amount of tax herein
25 imposed. The operator filing the return under this Section
26 shall, at the time of filing such return, pay to the Department

1 the amount of tax imposed by this Act less a discount of 2.1%
2 or \$25 per calendar year, whichever is greater, which is
3 allowed to reimburse the operator for the expenses incurred in
4 keeping records, preparing and filing returns, remitting the
5 tax and supplying data to the Department on request.

6 If any payment provided for in this Section exceeds the
7 operator's liabilities under this Act, as shown on an original
8 return, the Department may authorize the operator to credit
9 such excess payment against liability subsequently to be
10 remitted to the Department under this Act, in accordance with
11 reasonable rules adopted by the Department. If the Department
12 subsequently determines that all or any part of the credit
13 taken was not actually due to the operator, the operator's
14 discount shall be reduced by an amount equal to the difference
15 between the discount as applied to the credit taken and that
16 actually due, and that operator shall be liable for penalties
17 and interest on such difference.

18 The proceeds collected from the tax under this Act shall be
19 deposited into the same funds and in the same manner as
20 proceeds are deposited under Section 6 of the Hotel Operators'
21 Occupation Tax Act.

22 The Department may, upon separate written notice to a
23 taxpayer, require the taxpayer to prepare and file with the
24 Department on a form prescribed by the Department within not
25 less than 60 days after receipt of the notice an annual
26 information return for the tax year specified in the notice.

1 Such annual return to the Department shall include a statement
2 of gross receipts as shown by the operator's last State income
3 tax return. If the total receipts of the business as reported
4 in the State income tax return do not agree with the gross
5 receipts reported to the Department for the same period, the
6 operator shall attach to his annual information return a
7 schedule showing a reconciliation of the 2 amounts and the
8 reasons for the difference. The operator's annual information
9 return to the Department shall also disclose pay roll
10 information of the operator's business during the year covered
11 by such return and any additional reasonable information which
12 the Department deems would be helpful in determining the
13 accuracy of the monthly, quarterly or annual tax returns by
14 such operator as hereinbefore provided for in this Section.

15 If the annual information return required by this Section
16 is not filed when and as required the taxpayer shall be liable
17 for a penalty in an amount determined in accordance with
18 Section 3-4 of the Uniform Penalty and Interest Act until such
19 return is filed as required, the penalty to be assessed and
20 collected in the same manner as any other penalty provided for
21 in this Act.

22 The chief executive officer, proprietor, owner or highest
23 ranking manager shall sign the annual return to certify the
24 accuracy of the information contained therein. Any person who
25 willfully signs the annual return containing false or
26 inaccurate information shall be guilty of perjury and punished

1 accordingly. The annual return form prescribed by the
2 Department shall include a warning that the person signing the
3 return may be liable for perjury.

4 The foregoing portion of this Section concerning the filing
5 of an annual information return shall not apply to an operator
6 who is not required to file an income tax return with the
7 United States Government.

8 Section 40. Incorporation of Retailers' Occupation Tax Act
9 and Uniform Penalty and Interest Act. All of the provisions of
10 Sections 4, 5, 5a, 5b, 5c, 5d, 5e, 5f, 5g, 5i, 5j, 6, 6a, 6b,
11 6c, 7, 8, 9, 10, 11 and 12 of the Retailers' Occupation Tax Act
12 and Section 3-7 of the Uniform Penalty and Interest Act shall
13 apply to persons in the business of renting, leasing or letting
14 short-term rental rooms in this State to the same extent as if
15 such provisions were included herein.

16 Section 45. Recordkeeping. When the amount due is under
17 \$300, any person engaged in the business of renting, leasing or
18 letting short-term rental rooms in this State, who fails to
19 make a return, or to keep books and records as required herein,
20 or who makes a fraudulent return, or who willfully violates any
21 rule or regulation of the Department for the administration and
22 enforcement of the provisions of this Act, or any officer or
23 agent of a corporation engaged in the business of renting,
24 leasing or letting short-term rental rooms in this State, who

1 signs a fraudulent return made on behalf of such corporation,
2 is guilty of a Class 4 felony.

3 Any person who violates any provision of Section 5 of this
4 Act is guilty of a Class 4 felony. Each and every day any such
5 person is engaged in business in violation of said Section 5
6 shall constitute a separate offense.

7 When the amount due is under \$300, any person who accepts
8 money that is due to the Department under this Act from a
9 taxpayer for the purpose of acting as the taxpayer's agent to
10 make the payment to the Department, but who fails to remit such
11 payment to the Department when due is guilty of a Class 4
12 felony. Any such person who purports to make such payment by
13 issuing or delivering a check or other order upon a real or
14 fictitious depository for the payment of money, knowing that it
15 will not be paid by the depository, shall be guilty of a
16 deceptive practice in violation of Section 17-1 of the Criminal
17 Code of 2012.

18 Any short-term rental operator who collects or attempts to
19 collect an amount (however designated) which purports to
20 reimburse such operator for a short-term rental operators'
21 occupation tax liability measured by receipts which such
22 operator knows are not subject to short-term rental operators'
23 occupation tax, or any short-term rental operator who knowingly
24 over-collects or attempts to over-collect an amount purporting
25 to reimburse such operator for short-term operators'
26 occupation tax liability in a transaction which is subject to

1 the tax that is imposed by this Act, shall be guilty of a Class
2 4 felony.

3 When the amount due is \$300 or more, any person engaged in
4 the business of renting, leasing or letting short-term rental
5 rooms in this State, who fails to make a return, or to keep
6 books and records as required herein, or who makes a fraudulent
7 return, or who willfully violates any rule or regulation of the
8 Department for the administration and enforcement of the
9 provisions of this Act, or any officer or agent of a
10 corporation engaged in the business of renting, leasing or
11 letting short-term rental rooms in this State who signs a
12 fraudulent return made on behalf of such corporation is guilty
13 of a Class 3 felony.

14 When the amount due is \$300 or more, any person who accepts
15 money that is due to the Department under this Act from a
16 taxpayer for the purpose of acting as the taxpayer's agent to
17 make the payment to the Department, but who fails to remit such
18 payment to the Department is guilty of a Class 3 felony. Any
19 such person who purports to make such payment by issuing or
20 delivering a check or other order upon a real or fictitious
21 depository for the payment of money, knowing that it will not
22 be paid by the depository, shall be guilty of a deceptive
23 practice in violation of Section 17-1 of the Criminal Code of
24 2012.

25 A prosecution for any act in violation of this Section may
26 be commenced at any time within 3 years of the commission of

1 that act.

2 Section 50. Intergovernmental sharing of information. Any
3 information collected by the Department pursuant to this Act
4 shall not be subject to the Freedom of Information Act.
5 Information collected pursuant to this Act by the Department
6 may be shared with local units of government upon request,
7 provided that the information is treated as confidential at all
8 times by the local unit of government.

9 Section 55. Local regulation. A unit of local government
10 may adopt an ordinance or resolution regulating short-term
11 rental activities within that unit of local government that
12 imposes requirements not inconsistent with nor less stringent
13 than those imposed by this Act.

14 Section 60. Severability. If any provision of this Act, in
15 part or in full, or its application to any person, entity, or
16 circumstance is held invalid, the invalidity does not affect
17 other provisions or applications of the Act which can be given
18 effect without the invalid provision or application, and to
19 this end the provisions of this Act are severable.

20 Section 90. The Illinois Municipal Code is amended by
21 changing Sections 8-3-13, 8-3-14, and 8-3-14a as follows:

1 (65 ILCS 5/8-3-13) (from Ch. 24, par. 8-3-13)

2 Sec. 8-3-13. The corporate authorities of any municipality
3 containing 500,000 or more inhabitants may impose a tax prior
4 to July 1, 1969, upon all persons engaged in the municipality
5 in the business of renting, leasing or letting rooms in a
6 hotel, as defined in the Hotel Operators' Occupation Tax Act,
7 or a short-term rental, as defined in the Short-Term Rental
8 Operators' Occupation Tax Act, at a rate not to exceed 1% of
9 the gross rental receipts from the renting, leasing or letting,
10 excluding, however, from gross rental receipts, the proceeds of
11 the renting, leasing or letting to permanent residents of that
12 hotel or short-term rental and proceeds from the tax imposed
13 under subsection (c) of Section 13 of the Metropolitan Pier and
14 Exposition Authority Act.

15 The tax imposed by a municipality under this Section and
16 all civil penalties that may be assessed as an incident thereof
17 shall be collected and enforced by the State Department of
18 Revenue. The certificate of registration that is issued by the
19 Department to a lessor under the Hotel Operators' Occupation
20 Tax Act, or a business license issued by the Department under
21 the Short-Term Rental Operators' Act shall permit the
22 registrant to engage in a business that is taxable under any
23 ordinance or resolution enacted under this Section without
24 registering separately with the Department under the ordinance
25 or resolution or under this Section. The Department shall have
26 full power to administer and enforce this Section; to collect

1 all taxes and penalties due hereunder; to dispose of taxes and
2 penalties so collected in the manner provided in this Section;
3 and to determine all rights to credit memoranda arising on
4 account of the erroneous payment of tax or penalty hereunder.
5 In the administration of and compliance with this Section, the
6 Department and persons who are subject to this Section shall
7 have the same rights, remedies, privileges, immunities, powers
8 and duties, and be subject to the same conditions,
9 restrictions, limitations, penalties and definitions of terms,
10 and employ the same modes of procedure, as are prescribed in
11 the Hotel Operators' Occupation Tax Act, the Short-Term Rental
12 Operators' Occupation Tax Act, and the Uniform Penalty and
13 Interest Act, as fully as if the provisions contained in those
14 Acts were set forth herein.

15 Whenever the Department determines that a refund should be
16 made under this Section to a claimant instead of issuing a
17 credit memorandum, the Department shall notify the State
18 Comptroller, who shall cause the warrant to be drawn for the
19 amount specified, and to the person named, in the notification
20 from the Department. The refund shall be paid by the State
21 Treasurer out of the Illinois tourism tax fund.

22 Persons subject to any tax imposed under authority granted
23 by this Section may reimburse themselves for their tax
24 liability for that tax by separately stating the tax as an
25 additional charge, which charge may be stated in combination,
26 in a single amount, with State tax imposed under the Hotel

1 Operators' Occupation Tax Act or the Short-Term Rental
2 Operators' Occupation Tax Act.

3 The Department shall forthwith pay over to the State
4 Treasurer, ex-officio, as trustee, all taxes and penalties
5 collected hereunder. On or before the 25th day of each calendar
6 month, the Department shall prepare and certify to the
7 Comptroller the disbursement of stated sums of money to named
8 municipalities from which lessors have paid taxes or penalties
9 hereunder to the Department during the second preceding
10 calendar month. The amount to be paid to each municipality
11 shall be the amount (not including credit memoranda) collected
12 hereunder during the second preceding calendar month by the
13 Department, and not including an amount equal to the amount of
14 refunds made during the second preceding calendar month by the
15 Department on behalf of the municipality, less 4% of the
16 balance, which sum shall be retained by the State Treasurer to
17 cover the costs incurred by the Department in administering and
18 enforcing the provisions of this Section, as provided herein.
19 The Department, at the time of each monthly disbursement to the
20 municipalities, shall prepare and certify to the Comptroller
21 the amount so retained by the State Treasurer, which shall be
22 paid into the General Revenue Fund of the State Treasury.

23 Within 10 days after receipt by the Comptroller of the
24 disbursement certification to the municipalities and the
25 General Revenue Fund provided for in this Section to be given
26 to the Comptroller by the Department, the Comptroller shall

1 cause the warrants to be drawn for the respective amounts in
2 accordance with the directions contained in the certification.

3 Nothing in this Section shall be construed to authorize a
4 municipality to impose a tax upon the privilege of engaging in
5 any business that, under the Constitution of the United States,
6 may not be made the subject of taxation by this State.

7 An ordinance or resolution imposing a tax hereunder or
8 effecting a change in the rate thereof shall be effective on
9 the first day of the calendar month next following the
10 expiration of the publication period provided in Section 1-2-4
11 in respect to municipalities governed by that Section.

12 The corporate authorities of any municipality that levies a
13 tax authorized by this Section shall transmit to the Department
14 of Revenue on or not later than 5 days after the effective date
15 of the ordinance or resolution a certified copy of the
16 ordinance or resolution imposing the tax; whereupon, the
17 Department of Revenue shall proceed to administer and enforce
18 this Section on behalf of the municipality as of the effective
19 date of the ordinance or resolution. Upon a change in rate of a
20 tax levied hereunder, or upon the discontinuance of the tax,
21 the corporate authorities of the municipality shall, on or not
22 later than 5 days after the effective date of the ordinance or
23 resolution discontinuing the tax or effecting a change in rate,
24 transmit to the Department of Revenue a certified copy of the
25 ordinance or resolution effecting the change or
26 discontinuance. The amounts disbursed to any municipality

1 under this Section shall be expended by the municipality solely
2 to promote tourism, conventions and other special events within
3 that municipality or otherwise to attract nonresidents to visit
4 the municipality.

5 Any municipality receiving and disbursing money under this
6 Section shall report on or before the first Monday in January
7 of each year to the Advisory Committee of the Illinois Tourism
8 Promotion Fund, created by Section 12 of the Illinois Promotion
9 Act. The reports shall specify the purposes for which the
10 disbursements were made and shall contain detailed amounts of
11 all receipts and disbursements under this Section.

12 This Section may be cited as the Tourism, Conventions and
13 Other Special Events Promotion Act of 1967.

14 (Source: P.A. 87-205; 87-733; 87-895.)

15 (65 ILCS 5/8-3-14) (from Ch. 24, par. 8-3-14)

16 Sec. 8-3-14. Municipal hotel and short-term rental
17 operators' occupation tax. The corporate authorities of any
18 municipality may impose a tax upon all persons engaged in such
19 municipality in the business of renting, leasing or letting
20 rooms in a hotel, as defined in "The Hotel Operators'
21 Occupation Tax Act," or a short-term rental, as defined in the
22 Short-Term Rental Operators' Occupation Tax Act, at a rate not
23 to exceed 6% in the City of East Peoria and in the Village of
24 Morton and 5% in all other municipalities of the gross rental
25 receipts from such renting, leasing or letting, excluding,

1 however, from gross rental receipts, the proceeds of such
2 renting, leasing or letting to permanent residents of that
3 hotel or short-term rental and proceeds from the tax imposed
4 under subsection (c) of Section 13 of the Metropolitan Pier and
5 Exposition Authority Act, and may provide for the
6 administration and enforcement of the tax, and for the
7 collection thereof from the persons subject to the tax, as the
8 corporate authorities determine to be necessary or practicable
9 for the effective administration of the tax. The municipality
10 may not impose a tax under this Section if it imposes a tax
11 under Section 8-3-14a.

12 Persons subject to any tax imposed pursuant to authority
13 granted by this Section may reimburse themselves for their tax
14 liability for such tax by separately stating such tax as an
15 additional charge, which charge may be stated in combination,
16 in a single amount, with State tax imposed under "The Hotel
17 Operators' Occupation Tax Act" or the Short-Term Rental
18 Operators' Occupation Tax Act.

19 Nothing in this Section shall be construed to authorize a
20 municipality to impose a tax upon the privilege of engaging in
21 any business which under the constitution of the United States
22 may not be made the subject of taxation by this State.

23 Except as otherwise provided in this Division, the amounts
24 collected by any municipality pursuant to this Section shall be
25 expended by the municipality solely to promote tourism and
26 conventions within that municipality or otherwise to attract

1 nonresident overnight visitors to the municipality.

2 No funds received pursuant to this Section shall be used to
3 advertise for or otherwise promote new competition in the hotel
4 business.

5 (Source: P.A. 101-204, eff. 8-2-19.)

6 (65 ILCS 5/8-3-14a)

7 Sec. 8-3-14a. Municipal hotel or short-term rental use tax.

8 (a) The corporate authorities of any municipality may
9 impose a tax upon the privilege of renting or leasing rooms in
10 a hotel or short-term rental within the municipality at a rate
11 not to exceed 5% of the rental or lease payment. The corporate
12 authorities may provide for the administration and enforcement
13 of the tax and for the collection thereof from the persons
14 subject to the tax, as the corporate authorities determine to
15 be necessary or practical for the effective administration of
16 the tax.

17 (b) Each hotel, short-term rental operator, or hosting
18 platform acting as an agent for the short-term rental operator
19 in the municipality shall collect the tax from the person
20 making the rental or lease payment at the time that the payment
21 is tendered to the hotel. The hotel shall, as trustee, remit
22 the tax to the municipality.

23 (c) The tax authorized under this Section does not apply to
24 any rental or lease payment by a permanent resident of that
25 hotel or short-term rental or to any payment made to any hotel

1 that is subject to the tax imposed under subsection (c) of
2 Section 13 of the Metropolitan Pier and Exposition Authority
3 Act. A municipality may not impose a tax under this Section if
4 it imposes a tax under Section 8-3-14. Nothing in this Section
5 may be construed to authorize a municipality to impose a tax
6 upon the privilege of engaging in any business that under the
7 Constitution of the United States may not be made the subject
8 of taxation by this State.

9 (d) Except as otherwise provided in this Division, the
10 moneys collected by a municipality under this Section may be
11 expended solely to promote tourism and conventions within that
12 municipality or otherwise to attract nonresident overnight
13 visitors to the municipality. No moneys received under this
14 Section may be used to advertise for or otherwise promote new
15 competition in the hotel business.

16 (e) As used in this Section, "hotel" has the meaning set
17 forth in Section 2 of the Hotel Operators' Occupation Tax Act.

18 (f) As used in this Section, "short-term rental" and
19 "hosting platform" have the meaning set forth in Section 2 of
20 the Short-Term Rental Operators' Occupation Tax Act.

21 (Source: P.A. 101-204, eff. 8-2-19.)

22 Section 95. The Counties Code is amended by changing
23 Section 5-1030 as follows:

24 (55 ILCS 5/5-1030) (from Ch. 34, par. 5-1030)

1 Sec. 5-1030. Hotel rooms, short-term rentals, tax on gross
2 rental receipts.

3 (a) The corporate authorities of any county may by
4 ordinance impose a tax upon all persons engaged in such county
5 in the business of renting, leasing or letting rooms in a hotel
6 or short-term rental which is not located within a city,
7 village, or incorporated town that imposes a tax under Section
8 8-3-14 of the Illinois Municipal Code, as defined in "The Hotel
9 Operators' Occupation Tax Act or the Short-Term Rental
10 Operators' Occupation Tax Act", at a rate not to exceed 5% of
11 the gross rental receipts from such renting, leasing or
12 letting, excluding, however, from gross rental receipts, the
13 proceeds of such renting, leasing or letting to permanent
14 residents of that hotel or short-term rental, and may provide
15 for the administration and enforcement of the tax, and for the
16 collection thereof from the persons subject to the tax, as the
17 corporate authorities determine to be necessary or practicable
18 for the effective administration of the tax.

19 (b) With the consent of municipalities representing at
20 least 67% of the population of Winnebago County, as determined
21 by the 2010 federal decennial census and as expressed by
22 resolution of the corporate authorities of those
23 municipalities, the county board of Winnebago County may, by
24 ordinance, impose a tax upon all persons engaged in the county
25 in the business of renting, leasing, or letting rooms in a
26 hotel or short-term rental that imposes a tax under Section

1 8-3-14 of the Illinois Municipal Code, as defined in "The Hotel
2 Operators' Occupation Tax Act" or the Short-Term Rental
3 Operators' Occupation Tax Act, at a rate not to exceed 2% of
4 the gross rental receipts from renting, leasing, or letting,
5 excluding, however, from gross rental receipts, the proceeds of
6 the renting, leasing, or letting to permanent residents of that
7 hotel or short-term rental, and may provide for the
8 administration and enforcement of the tax, and for the
9 collection thereof from the persons subject to the tax, as the
10 county board determines to be necessary or practicable for the
11 effective administration of the tax. The tax shall be
12 instituted on a county-wide basis and shall be in addition to
13 any tax imposed by this or any other provision of law. The
14 revenue generated under this subsection shall be accounted for
15 and segregated from all other funds of the county and shall be
16 utilized solely for either: (1) encouraging, supporting,
17 marketing, constructing, or operating, either directly by the
18 county or through other taxing bodies within the county,
19 sports, arts, or other entertainment or tourism facilities or
20 programs for the purpose of promoting tourism,
21 competitiveness, job growth, and for the general health and
22 well-being of the citizens of the county; or (2) payment
23 towards debt services on bonds issued for the purposes set
24 forth in this subsection.

25 (c) A Tourism Facility Board shall be established,
26 comprised of a representative from the county and from each

1 municipality that has approved the imposition of the tax under
2 subsection (b) of this Section.

3 (1) A Board member's vote is weighted based on the
4 municipality's population relative to the population of
5 the county, with the county representing the population
6 within unincorporated areas of the county. Representatives
7 from the Rockford Park District and Rockford Area
8 Convention and Visitors Bureau shall serve as ex-officio
9 members with no voting rights.

10 (2) The Board must meet not less frequently than once
11 per year to direct the use of revenues collected from the
12 tax imposed under subsection (b) of this Section that are
13 not already directed for use pursuant to an
14 intergovernmental agreement between the county and another
15 entity represented on the Board, including the ex-officio
16 members, and for any other reason the Board deems
17 necessary. Affirmative actions of the Board shall require a
18 weighted vote of Board members representing not less than
19 67% of the population of the county.

20 (3) The Board shall not be a separate unit of local
21 government, shall have no paid staff, and members of the
22 Board shall receive no compensation or reimbursement of
23 expenses from proceeds of the tax imposed under subsection
24 (b) of this Section.

25 (d) Persons subject to any tax imposed pursuant to
26 authority granted by this Section may reimburse themselves for

1 their tax liability for such tax by separately stating such tax
2 as an additional charge, which charge may be stated in
3 combination, in a single amount, with State tax imposed under
4 "The Hotel Operators' Occupation Tax Act" or the Short-Term
5 Rental Operators' Occupation Tax Act.

6 Nothing in this Section shall be construed to authorize a
7 county to impose a tax upon the privilege of engaging in any
8 business which under the Constitution of the United States may
9 not be made the subject of taxation by this State.

10 An ordinance or resolution imposing a tax hereunder or
11 effecting a change in the rate thereof shall be effective on
12 the first day of the calendar month next following its passage
13 and required publication.

14 The amounts collected by any county pursuant to this
15 Section shall be expended to promote tourism; conventions;
16 expositions; theatrical, sports and cultural activities within
17 that county or otherwise to attract nonresident overnight
18 visitors to the county.

19 Any county may agree with any unit of local government,
20 including any authority defined as a metropolitan exposition,
21 auditorium and office building authority, fair and exposition
22 authority, exposition and auditorium authority, or civic
23 center authority created pursuant to provisions of Illinois law
24 and the territory of which unit of local government or
25 authority is co-extensive with or wholly within such county, to
26 impose and collect for a period not to exceed 40 years, any

1 portion or all of the tax authorized pursuant to this Section
2 and to transmit such tax so collected to such unit of local
3 government or authority. The amount so paid shall be expended
4 by any such unit of local government or authority for the
5 purposes for which such tax is authorized. Any such agreement
6 must be authorized by resolution or ordinance, as the case may
7 be, of such county and unit of local government or authority,
8 and such agreement may provide for the irrevocable imposition
9 and collection of said tax at such rate, or amount as limited
10 by a given rate, as may be agreed upon for the full period of
11 time set forth in such agreement; and such agreement may
12 further provide for any other terms as deemed necessary or
13 advisable by such county and such unit of local government or
14 authority. Any such agreement shall be binding and enforceable
15 by either party to such agreement. Such agreement entered into
16 pursuant to this Section shall not in any event constitute an
17 indebtedness of such county subject to any limitation imposed
18 by statute or otherwise.

19 (Source: P.A. 98-313, eff. 8-12-13.)

20 Section 99. Effective date. This Act takes effect October
21 1, 2020.